

*president's
report to shareholders*

Since my last report, the company has entered into a joint venture with Osaka Daihatsu Hanbai Co. Ltd., a Japanese company, to introduce and develop the Pizza Pub concept into Southeast Asia. The company has received a disclosure fee of approximately \$140,000 and it will retain a 50% interest in the new joint venture company, Pizza Patio, Japan, Inc. The agreements with Pizza Patio Japan call for a minimum of 30 shops in the Licensed Territory in the next five years. The first of these opened on December 5, 1974 in Kobe, Japan.

The company performance in the last six months has not been as expected and positive steps have been and are being taken to correct the situation. Unprofitable units have either been closed or sold, menu prices have been increased, a concentrated effort in the area of domestic franchising is being made and closer supervision of operating units is to be maintained. We look for more encouraging results by the year end, April 30, 1975.

Dec. 15, 1974.

*5th
interim
report
to shareholders*





interim
report
to shareholders
for the
six months
ended
October 31
1974

Statement of Earnings for the Six Months Ended
October 31st, 1974

	Oct. 31	Oct. 31
	1974	1973
	\$	\$
SALES	961,906	800,813
COST OF SALES	257,331	198,863
GROSS PROFIT	704,575	601,950
EXPENSES		
Shop Wages	310,137	230,936
Shop Operating	209,699	173,180
Administration and Commissary	166,500	131,340
Depreciation and Amortization	33,365	29,190
NET PROFIT (LOSS) BEFORE INCOME TAX	(15,126)	37,304
Provision for Income Tax	—	8,942
Net Earnings (Loss) for the Period	(15,126)	28,362
Earnings (loss) per Share	(2¢)	4¢

(Unaudited)

Statement of Source and Use of Working Capital
For the Six Months Ended October 31st, 1974

	Oct. 31	Oct. 31
	1974	1973
	\$	\$
SOURCE		
Net earnings (loss) for the Period	(15,126)	28,362
Items included therein which are not a use of working capital —		
Depreciation & Amortization	33,365	29,190
Deferred Finance Charges	730	526
Loss on Disposal of Assets	7,650	
Proceeds on Asset Disposal	16,000	
Proceeds of Long Term Debt	11,000	
Franchise Fee Received	139,400	
Advances from Shareholders	2,039	
USE		
Fixed Asset Additions	33,098	15,468
Repayment of Long-term Debt	12,296	23,056
Investment in Joint Venture	140,033	
Increase (Decrease) in Working Capital	9,631	19,554
Working Capital (Deficiency) Beginning of Period	(91,495)	(85,384)
Working Capital Deficiency End of Period	81,864	65,830
Represented by:		
Current Assets	335,846	102,945
Current Liabilities	417,710	168,775
Working Capital Deficiency End of Period	81,864	65,830

(Unaudited)

Statement of Earnings for the Six Months Ended

October 31, 1970

(Subject to Audit)

	Oct. 31 1970	Oct. 31 1969
	\$	\$
SALES	375,763	234,637
COST OF SALES	<u>85,196</u>	<u>47,424</u>
GROSS PROFIT	<u>290,567</u>	<u>187,213</u>
EXPENSES		
Shop Wages	102,039	54,784
Shop Operating	87,485	52,230
Administration and Commissary	63,343	40,445
Depreciation and Amortization	<u>15,710</u>	<u>6,377</u>
	<u>268,577</u>	<u>153,836</u>
NET OPERATING PROFIT	21,990	33,377
Shop Set-up Costs	<u>4,973</u>	<u>—</u>
Earnings before Income Tax ..	<u>17,017</u>	<u>33,377</u>
Provision for Income Tax	<u>3,574</u>	<u>7,009</u>
Net Earnings for the Period	<u>13,443</u>	<u>26,368</u>

Statement of Source and Use of Working Capital

For the Six Months Ended October 31, 1970

(Subject to Audit)

SOURCE

	\$
Net earnings for the Period	13,443
Items included therein which are not a use of Working Capital —	
Depreciation and Amortization ..	15,710
Deferred Finance Charges	<u>663</u>
	<u>29,816</u>

USE

Fixed Asset Additions	65,363
Repayments of Long-Term Debt	15,765
Shareholders Advances — Net	<u>8,009</u>
	<u>89,137</u>
Increase (Decrease) in Working Capital ..	(59,321)
Working Capital — Beginning of Period	<u>131,126</u>
Working Capital — End of Period	<u>71,805</u>
Represented By:	
Current Assets	153,851
Current Liabilities	<u>82,046</u>
Working Capital — End of Period	<u>71,805</u>

*interim**report**to shareholders**for the**six months**ended**october 31**1970*

president's report to shareholders

It is a pleasure to present our first interim report, and gratifying to be able to report satisfactory growth for the six months ended October 31st, 1970.

Sales volume in the first half of this year increased, but net income was lower than the same period last year.

Total sales amounted to \$375,763, compared with \$234,637 for the same period in 1969; an increase of 60%.

During the past six months "PIZZA PUB" operations opened in the heart of Theatre Row in downtown Vancouver, B.C. Further "PIZZA PUBS" opened in West Vancouver, B.C., in August 1970, and North Vancouver, B.C., in September 1970. Every indication is that this new format is very popular and will make a substantial contribution to our growth and earnings.

Net income of \$13,443 was down 50% from the \$26,368 recorded in the first half of last year. The cost of doing business in the first half of 1970 included the higher cost of labor, and other administrative and operational increases, including set-up costs of two new stores. Such added costs more than offset the growth in dollar sales. Corrective steps have been taken to ensure an acceptable return on dollar volume.

Plans for expansion of our "PIZZA PUB" program into Eastern Canada have now been completed and financing has been arranged.

Conversion of two existing Retail Stores to "PIZZA PUBS" will take place during the next two months.

Product acceptance continues to grow in the light of much competition, mainly as a result of our Company maintaining tight quality control procedures and effective advertising and marketing programs.

J. M. BARNETT
President

interim report to shareholders



1170 BUTE ST., VANCOUVER 5, B.C.